

MILLBURN TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

MILLBURN TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
No Child Left Behind (N.C.L.B.)	3
T.P.A.F. Reimbursement	3
Other Special Federal and/or State Projects	4
School Purchasing Programs:	4
Contracts and Agreements Requiring Advertisement for Bids	4-5
School Food Service Fund	6
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Travel Expense and Reimbursement Policy	7
Management Suggestions	8
Miscellaneous	8
Follow-up on Prior Year Findings	9
Meal Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	10-13
Excess Surplus Calculation	14-15
Summary of Recommendations	16



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

December 3, 2015

The Honorable President and Members
of the Board of Education
Millburn Township School District
County of Essex, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Millburn Township School District in the County of Essex for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 3, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated December 3, 2015, on the financial statement of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations, if any.

This report is intended for the information of the Millburn Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Cheryl Nardino	Treasurer	\$ 400,000
Steven DiGeranimo	Business Administrator/Board Secretary	249,000

The District has a Crime (Employee Dishonesty) policy through Utica National Insurance Group that covers employees not separately bonded as detailed on Exhibit J-20 of the CAFR.

Tuition Charges

The District does not utilize the state tuition calculation; therefore, a comparison of tentative tuition charges and actual certified tuition charges was not made and no adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3 was necessary. The District uses an alternative method for tuition rates which is based upon actual costs.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to the General Fund.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrators and the Superintendent.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. No exceptions were noted.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2015. The reimbursement form was reviewed and no exceptions were noted.

Other Special Federal and/or State Projects

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

Other Special Federal and/or State Projects (Cont'd)

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,300.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution at its January 24, 2011 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$36,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

Other Special Federal and/or State Projects (Cont'd)

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,300.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution at its January 24, 2011 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$36,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

Based upon the results of our examination, we did not note any individual payments, contracts, or agreements for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts were reviewed on a test-check basis without exception.

The District did not participate in the National School Lunch Program in fiscal year 2015.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will generate a profit. The operating results provision has been met. Food Service accounting records maintained by the District's central administration were reconciled with the records maintained by the food service contractor.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Time sheets and payroll records provided to the District by the Food Service Contractor were reviewed on a test-check basis.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund.

The District has a Type 2 SOC1 report (Service Organization Controls Report) of the food service management company on file as required by state requirements.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

School Food Service (Cont'd)

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the CAFR.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income and bilingual education students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with minor exceptions. The information that was included on the workpapers was verified on a test basis with minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures for the recording of student enrollment data appear to be adequate.

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with one minor exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue and awarding contracts for eligible facilities construction.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish maximum travel for the year and to account separately that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Management Suggestions

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District's fiduciary responsibilities.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Continuing Disclosure Requirements

In connection with the issuance of bonds by a school district, the District agrees to the continuing disclosure of certain information to the Electronic Municipal Market Access ("EMMA") website under the auspices of the Municipal Securities Rulemaking Board. The District should ensure that all continuing disclosure requirements with respect to the District's bond issuances are met. These requirements include filing of certain financial information such as audit reports, budgets and certain operating data.

Single Audit

Effective for the fiscal year ended June 30, 2016, there will be significant changes to the Single Audit. These changes include the following:

- An increase in the single audit threshold
- Low risk auditee criteria
- Type A and B threshold
- Coverage requirements for major programs tested for both low risk and non-low risk auditees.

Additionally, the cost principles and administrative requirements such as A-87 have been consolidated under the *OMB Uniform Guidance: Cost Principles, Audit and Administrative Requirements for Federal Awards*. This guidance was effective December 26, 2014 for all new federal awards and for any additional funding for existing awards made after December 26, 2014.

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Follow-up on Prior Year Findings

The prior year recommendation regarding student activities has been resolved during the current fiscal year.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	ASSA		Workpapers				Selected from		Registers			
	On Roll		On Roll				Workpapers		On Roll			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	23		19		4		23		19		4	
Full Day Preschool 3 Years Old	1				1		1				1	
Half Day Preschool 4 Years Old	15		15				15		15			
Full Day Kindergarten	299		299				299		299			
Grade One	324		324				324		324			
Grade Two	369		369				369		369			
Grade Three	310		310				310		310			
Grade Four	364		364				364		364			
Grade Five	348		348				348		348			
Grade Six	297		297				297		297			
Grade Seven	343		343				343		343			
Grade Eight	318		318				318		318			
Grade Nine	317		317				317		317			
Grade Ten	310		310				310		310			
Grade Eleven	338		338				338		338			
Grade Twelve	305		305				305		305			
Subtotal	4,281		4,276		5		4,281		4,276		5	
Special Education:												
Elementary	232		232				10		10			
Middle	163		163				7		7			
High	202		207		(5)		8		13		(5)	
Subtotal	597		602		(5)		25		30		(5)	
Totals	4,878	- 0 -	4,878	- 0 -	- 0 -	- 0 -	4,306	- 0 -	4,306	- 0 -	- 0 -	- 0 -
Percentage Error					0.00%	0.00%					0.00%	0.00%

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Private Schools for Disabled					Resident Low Income					
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Sample Errors	Sample for Verficiation	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool (4 Yrs)											
Full Day Kindergarten											
Grade One						4	4		1	1	
Grade Two						5	5		1	1	
Grade Three						5	5		1	1	
Grade Four						4	4				
Grade Five						5	5		1	1	
Grade Six						7	7				
Grade Seven						12	12		1	1	
Grade Eight						4	4				
Grade Nine						11	11		1	1	
Grade Ten						5	5				
Grade Eleven						7	7		1	1	
Grade Twelve						6	6				
Subtotal						75	75		7	7	
Special Education:											
Elementary School	9	8	(1)	1	1	5	5		1	1	
Middle School	7	7		1	1	11	11		1	1	
High School	6	7	1	1	1	14	13	(1)	1	1	
Subtotal	22	22		3	3	30	29	(1)	3	3	
Totals	22	22	- 0 -	3	3	- 0 -	105	104	(1)	10	- 0 -
Percentage Error			0.00%			0.00%			-0.95%		0.00%

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident LEP Low Income					Resident LEP Not Low Income				
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Preschool (3 Yrs)										
Half Day Preschool (4 Yrs)										
Full Day Kindergarten						13	13	2	2	
Grade One	1	1				7	7	1	1	
Grade Two	2	2	1	1		7	7			
Grade Three	2	2	1	1		3	3			
Grade Four						4	4	1	1	
Grade Five						6	6			
Grade Six						5	5	1	1	
Grade Seven	2	2	1	1		5	5			
Grade Eight	1	1				5	5	1	1	
Grade Nine	1	1				3	3			
Grade Ten						6	6	1	1	
Grade Eleven	1	1				2	2			
Grade Twelve										
Subtotal	10	10	3	3		66	66	7	7	
Special Education:										
Elementary School						1	1			
Middle School										
High School										
Subtotal						1	1			
Totals	10	10	3	3	- 0 -	67	67	7	7	- 0 -
Percentage Error			0.00%		0.00%			0.00%		0.00%

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	564	563	1	12	12	
Regular - Special Education	101	101		2	2	
Transported - Non Public	96	96		2	2	
AIL - Non Public	286	286		7	7	
Special Needs - Public	17	17		1	1	
Special Needs - Private	30	30		1	1	
Totals	<u>1,094</u>	<u>1,093</u>	<u>1</u>	<u>25</u>	<u>25</u>	<u>- 0 -</u>
Percentage Error			<u>0.09%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.66	4.66
Average Mileage - Regular Excluding Grade PK Students	4.66	4.66
Average Mileage - Special Education with Special Needs	10.5	10.5

MILLBURN TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015

EXCESS SURPLUS CALCULATIONREGULAR DISTRICTSECTION 1A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 88,179,175 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ -0- (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ 1,611,570 (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ -0- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ -0- (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	\$ 8,706,832 (B2a)
Assets Acquired Under Capital Leases	\$ 804,903 (B2b)
Adjustment for Disallowed Expenditures per S1701	\$ -0- (B2c)
Adjusted 14-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 80,279,010 (B3)</u>
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>\$ 1,605,580 (B4)</u>
Enter Greater of (B4) or \$250,000	<u>\$ 1,605,580 (B5)</u>
Increased by: Allowable Adjustment	<u>\$ 71,501 (K)</u>
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 1,677,081 (M)</u>
<u>SECTION 2</u>	
Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 7,123,563 (C)</u>
Decreased by:	
Year End Encumbrances	\$ 391,347 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -0- (C2)
Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,842,000 (C3)</u>
Other Restricted Fund Balances	<u>\$ 1,371,135 (C4)</u>
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0- (C5)</u>
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 3,519,081 (U1)</u>
Increased by:	
Adjustment for Disallowed Transfers per S1701	<u>\$ -0- (C6)</u>
Total Unassigned Fund Balance for Excess Surplus Calculation (U1 + C6)	<u>\$ 3,519,081 (U2)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 1,842,000 (E)

Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,842,000 (C3)</u>
Restricted Excess Surplus [(E)]	<u>\$ 1,842,000 (E)</u>
Fund Balance Restricted for 2014-15 per S1701	<u>\$ -0- (F)</u>
 Total [(C3)+(E)+(F)]	 <u><u>\$ 3,684,000 (D)</u></u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 20,303 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 51,198 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>\$ -0- (J3)</u>
Family Crisis Transportation Aid	<u>\$ -0- (J4)</u>
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4))	 <u><u>\$ 71,501 (K)</u></u>

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	<u>\$ -0-</u>
Sale/lease-back reserve	<u>\$ -0-</u>
Capital reserve	<u>\$ 671,135</u>
Maintenance reserve	<u>\$ -0-</u>
Emergency reserve	<u>\$ 700,000</u>
Tuition reserve	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve – current year	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve – prior year	<u>\$ -0-</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003)	<u>\$ -0-</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	<u>\$ -0-</u>
Other state/governmental mandated reserve	<u>\$ -0-</u>
 Other Restricted Fund Balance not noted above	 <u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u><u>\$ 1,371,135 (C4)</u></u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2015

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding student activities has been resolved during the current fiscal year.